

Paris, January 16th 2017

**THE USE OF A REVERSE AUCTION MECHANISM FOR PSPP-ELIGIBLE SECURITIES
ISSUED BY FRENCH AGENCIES**

Banque de France has decided to extend its reverse auction mechanism currently in place for purchases of EU supranational bonds to PSPP-eligible securities issued by a number of French agencies (<https://www.ecb.europa.eu/mopo/implement/omt/html/pspp.en.html>). The purchases of PSPP-eligible securities issued by domestic agencies are undertaken as part of the implementation of the ECB Decision on a secondary markets public sector asset purchase programme (ECB/2015/10 of 4 March 2015).

In 2016, the Governing Council endorsed the use of reverse auctions under the PSPP as a complement to bilateral purchases in some specific market segments. Banque de France is already using reverse auctions to purchase supranational securities as part of its purchases under the PSPP.

In principle, all PSPP-eligible securities issued by French agencies may be purchased through a reverse auction. However, **Banque de France will initially conduct reverse auctions on the most liquid bonds issued by French agencies**. In any case, bonds that are eligible but not purchased through the reverse auction mechanism will continue to be purchased on a bilateral basis in the secondary market.

Except for special circumstances, reverse auctions on securities issued by domestic agencies will take place on a weekly basis (a frequency that might be adjusted depending on the outcome of the first auctions), every Monday between 03 pm and 03:30pm Paris time using Bloomberg. In accordance with the usual auction process, best offers will be accepted at the price proposed by the counterparty up to a maximum amount and a price determined by Banque de France for each security. Only Banque de France's eligible counterparties will be allowed to participate. Counterparties that are interested in participating should contact the Banque de France's Asset Purchase Programs desk.

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PRESS RELEASE

Targeted ISIN codes will be communicated every Wednesday on BdF Bloomberg page <BDF GO>. Auction results will be published on the same page 30 minutes after the end of the bidding process.

More information is available on a Market notice on BDF's Bloomberg page <BDF GO>.

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About the Banque de France. The Banque de France is an independent institution with three core missions: monetary strategy, financial stability, and the provision of services to the economy. It contributes to the definition of euro area monetary policy and ensures its implementation in France. It supervises banks and insurance companies, and works to remove or reduce risks. It also offers a range of economic services to businesses and private individuals.

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